



STATE OF MAINE  
PUBLIC UTILITIES COMMISSION  
18 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0018

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COMMISSIONERS

May 22, 1998

Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
1919 M. Street, NW  
Washington DC 20554

Dear Ms. Salas:

In its May 8, 1997 Order in Docket No. 97-157, the Federal Communications Commission stated that by the end of 1997, it would choose a forward-looking cost methodology platform for use in determining Universal Service support, thus providing the states with an opportunity to review the FCC's proposed platform before filing their cost studies due on February 6, 1998. As part of that Order, the FCC noted:

We also encourage a state, to the extent possible and consistent with the above criteria, to use its ongoing proceedings to develop permanent unbundled network element prices as a basis for its universal service cost study. This would reduce duplication and diminish arbitrage opportunities that might arise from inconsistencies between the methodologies for setting unbundled network element prices and for determining universal service support levels. In particular, we wish to avoid situations in which, because of different methodologies used for pricing unbundled network elements and determining universal service support, a carrier could receive support for the provision of universal service that differs from the rate it pays to acquire access to the unbundled network elements needed to provide universal service. Consequently, to prevent differences between the pricing of unbundled network elements and the determination of universal service support, we urge states to coordinate the development of cost studies for the pricing of unbundled network elements and the determination of universal service support. (emphasis added). *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order at 138 (F.C.C. May 8, 1997).



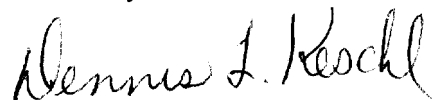
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On August 5, 1997, the Maine Public Utilities Commission initiated an adjudicatory proceeding to establish unbundled network element prices through the use of forward-looking cost studies. The MPUC received costing models from AT&T and Bell Atlantic and held hearings on non-recurring cost issues and cost model inputs. Consistent with the guidance in the above-referenced quotation, the MPUC has attempted to coordinate its UNE pricing proceeding with the selection of the model to be used for USF purposes. So that the MPUC could consider using the FCC adopted model for both UNE and USF costing, the MPUC has put its state UNE pricing proceeding on hold pending the release of the FCC model. (See Procedural Order included as Attachment 1).

The MPUC requested extensions of the deadline to file a state-specific cost model and cost study. These extensions were sought to allow the MPUC adequate time to evaluate the FCC model platform, to incorporate it into its own state proceeding, and to complete that proceeding. Because the MPUC has put our state cost study proceeding on hold in order to analyze and assess the merits of the FCC model, and the FCC has not yet released its model, the MPUC will not be filing a state-specific model cost study and inputs by May 26, 1998. If the Maine Commission concludes, after reviewing and analyzing the FCC model, that the FCC model produces results in Maine that are contrary to the needs of Maine's telecommunications customers and the development of competition in Maine, the MPUC will file with the FCC a state-specific cost study, cost model, and all Maine-specific cost inputs with a request for leave from the FCC to allow Maine to use Maine's model in lieu of the model adopted by the FCC.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dennis L. Keschl". The signature is fluid and cursive, with the first name "Dennis" and last name "Keschl" clearly distinguishable.

Dennis L. Keschl  
Administrative Director

DLK/tmf  
Attachment

cc: Service List

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

February 17, 1998

PROCEDURAL ORDER

PUBLIC UTILITIES COMMISSION  
Investigation of Total Element  
Long-Run Incremental Cost (TELRIC)  
Studies and Pricing of Unbundled  
Network Elements

Docket No. 97-505

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On February 12, 1998, the Examiners were informed by Bell Atlantic that it will not be filing a revised cost study. Accordingly, there will be no need for additional discovery or testimony on Bell Atlantic's cost study. Discovery on AT&T's Hatfield 5.0 will soon be complete.<sup>1</sup> Thus, Bell Atlantic will have until **March 13, 1998**, to file rebuttal testimony on Hatfield 5.0. AT&T must file any surrebuttal testimony relating to the Hatfield 5.0 model by **April 3, 1998**.

Given the above-mentioned schedule, hearings on the cost models (and any input issues not covered during Phase I of the hearings) could not be scheduled until mid-April at the earliest. The Examiners have learned that the FCC is now indicating informally that it will release its model platform in mid-March. Given the potential applicability of the model platform to this proceeding, the Examiners will not schedule the second round of hearings in this matter until sometime after the FCC releases its model. Upon a determination that the FCC's model platform should be considered in this docket, the Examiners will set a date for the hearings as well as a pre-hearing schedule which will include time for the filing of testimony relating to the FCC model.

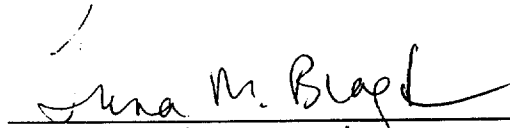
The Examiners have taken note of numerous reports from other states that AT&T is withdrawing its testimony and sponsorship of the Hatfield Model from various proceedings. AT&T is directed to provide the Examiners with a written update on its anticipated participation in this docket no later than **February 20, 1998**. AT&T should specifically identify any conditions or contingencies which might affect its participation.

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<sup>1</sup> Today, the Examiners are issuing Data Request No. 14 directed to AT&T relating to changes in input values and rerunning the model with Bell Atlantic's census (100%) loop sample. Responses to this data request will be due February 24, 1998.

Dated at Augusta, Maine this 17th day of February, 1998.

BY ORDER OF THE HEARING EXAMINER

  
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